

LBNL – PROCUREMENT STANDARD PRACTICES

Section: 29 Taxes
Subject: 29.1 Taxes — General

PURPOSE:	This standard practice (SP) describes the requirements for handling taxes on subcontracts.
POLICY:	The Laboratory will appropriately treat Federal, State, and local taxes in its subcontracts.
SCOPE:	This SP applies to all subcontracts.
PROCEDURES:	
General	Unless expressly made unallowable under the Prime Contract, the Laboratory must pay taxes, fees, and charges levied by public agencies that the Laboratory is required by law to pay.
Notification to DOE of Imposed Taxes	The Prime Contract requires the Laboratory to notify DOE of any State or local tax, fee, or charge levied on the Laboratory that the Laboratory and/or DOE has reason to believe may not apply or may be invalid. The Laboratory will refrain from paying any such tax, fee, or charge unless authorized to do so in writing by DOE.
Guidance	Guidance should be sought from Laboratory Counsel for tax related questions that arise on a subcontract.
Reimbursement	The funds obligated on the subcontract must include the amount of any applicable taxes.
Solicitations and Subcontracts	<p>Solicitations and subcontracts must include a clause requiring offerors to include the cost of applicable Federal, State, and local taxes then in effect in their proposals. An equitable adjustment to the subcontract price may be negotiated for an applicable tax that is imposed after the subcontract is awarded.</p> <p>Applicable tax clauses for cost-type and fixed-price subcontracts are included in standard Laboratory terms and conditions.</p>

RESPONSIBILITIES:

Procurement Specialist	<p>The procurement specialist will:</p> <ul style="list-style-type: none">• Authorize payment of taxes, fees, and charges levied by public agencies that the Laboratory is required by law to pay;• Notify DOE of the imposition of any State or local tax, fee, or charge that the Laboratory has reason to believe may not apply;• Refer tax-related questions to Laboratory Counsel; and• Include a clause in solicitations and subcontracts requiring offerors to include any applicable Federal, State, or local
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taxes in their offers.

REFERENCES:

Prime Contract Clause I.99 - State and Local Taxes

Prime Contract Clause I.103 - Accounts, Records, and
Inspection

Prime Contract Clause I.114 – Contractor Purchasing System,
Paragraph (x)